

Electronic device/component supply shortages APAG Corporate policy for use of unauthorized sources / old date codes

In case APAG Cosyst is requested to buy components from the broker market, to purchase old date codes components or receives these components from its customer, the following terms apply.

1. If not requested otherwise by APAG Cosyst's customers (see para. 2), APAG Cosyst only buys and uses components from distributors which are released by the OCM Original Component Manufacturer and which show a date code at the time when receiving the components of less than 24 months. Only then APAG Cosyst can grant the warranty terms which are applicable between APAG Cosyst and its customers.

2. Is it requested by APAG Cosyst's customer's (i) to cover the customer's quantity demand and (ii) is it agreed by the customer and (iii) paid by the customer from another source than OCM (Original Component manufacturer)'s authorized sources ['unauthorized sources'] APAG Cosyst accepts – as an exception – to buy from unauthorized sources or old date codes components based on the following provisions. The same terms apply in case the customer buys the components by itself.

3. No warranty

APAG Cosyst's liability and all warranty claims relating to the parts bought from the not-released distributors (fit, function, longterm performance) are fully excluded as far as legally permissible (our liability for willful misconduct remains unaffected). This exclusion of liability also applies to defects or flaws in parts of our products purchased from not-released distributors in case the defects or flaws are arising because material doesn't fit in or causes defects or flaws in other parts of our product.

4. Proof of Authenticity

APAG Cosyst points out that APAG Cosyst is not able to proof whether the material which APAG Cosyst receives is authentic. APAG Cosyst checks and tests according to its Quality Standards (APAGCosyst's **Broker Component Incoming procedure** includes checking of labels, marking, decapsulation or X-ray and comparing with original labels/components, ...) however there is still a tremendous remaining risk that the component does not fulfill the specification as expected and announced by the supply channel. Again, APAG Cosyst must point out, that it can not give any warranty or accept any liability (except for willful misconduct) in case APAG Cosyst buys in material from supply channels as to the customer's request and this material proves to be fake.

5. Internal End-of-Line Test (EoL)

APAG Cosyst tests 100% of its products at the end of its production line. However another risk is that those modules which contain components from not-released channels do not pass APAG Cosyst's EoL test. Since APAG Cosyst is not able (and allowed) to conduct any rework on products in case of a 'No-Pass' during any test (mostly EoL) APAG Cosyst will invoice the module price to the customer, because the module will be scrapped at APAG Cosyst's premises. Para. 3 and 4 regarding warranty, liability and the proof of authenticity also apply in this case.

6. Finally, APAG Cosyst emphasizes that it will assign claims against a not-released distributor to the customer in case the exclusion of liability and warranty applies.

This policy helps to clarify and point out the responsibilities on both sides, Customer and APAG Cosyst. The customer is aware that only in case the terms mentioned above are accepted, APAG Cosyst will purchase the components from not-released distributors or old date codes components per the customer's request. APAG Cosyst states that component orders will only be placed on the validity of the terms above and the customer's acceptance of these terms.